

## BENCHMARKING THE HOUSING ECOSYSTEM WITH A RENT-TO-OWN (RTO) SCHEME IN INDONESIA AND MALAYSIA

Fadhilah Ummah<sup>1</sup>, Dikky Indrawan, Zenal Asikin

School of Business, Bogor Agricultural University  
SB IPB Building, Jl. Pajajaran, Bogor 16151, Indonesia

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### ABSTRACT

**Background:** Population growth, urbanization rates, high housing prices, and low purchasing power of the population for homeownership contribute to Indonesia's ongoing housing backlog. Housing backlog refers to the gap between the number of homes built and offered and the number of homes needed by the population. To reduce the backlog, PT BTN, one of the state-owned entrepreneurs leading housing schemes in Indonesia, introduced an innovative Rent-to-Own (RTO) financing scheme in 2022, targeting low-income households and informal workers as its primary beneficiaries. However, the implementation of the RTO scheme has yet to demonstrate satisfactory performance. Therefore, benchmarking to other countries is an option to evaluate the performance of housing ecosystems using the RTO scheme in Indonesia.

**Purpose:** This study aimed to evaluate the RTO ecosystem in Indonesia and Malaysia (benchmark countries).

**Design/methodology/approach:** The method used in this study is a combination of descriptive and benchmarking analyses, utilizing primary data obtained through in-depth interviews and secondary data gathered through a literature review.

**Finding/Result:** This study evaluates Indonesia's Rent-to-Own (RTO) housing scheme, comparing it with Malaysia's more established RTO ecosystem. The findings highlight that Indonesia's RTO implementation, launched in 2022, faces challenges such as low public awareness, weak regulatory support, and minimal stakeholder engagement, leading to limited uptake. In contrast, Malaysia benefits from a robust regulatory framework, better stakeholder coordination, and broader public education, enabling greater success. The study concludes that Indonesia needs clearer regulations, improved public outreach, and stronger collaboration among stakeholders to enhance the RTO scheme's effectiveness. A feasibility study is also recommended before further implementation to address existing market and organizational challenges.

**Conclusion:** The findings reveal that Indonesia's RTO ecosystem remains underdeveloped and requires improvements across various aspects, including regulations and policies, RTO scheme structure, stakeholder involvement, and market readiness. To evaluate the viability of implementing the RTO scheme as a housing finance scheme, conducting a feasibility analysis is also a crucial step that must be undertaken by the relevant stakeholders.

**Originality/value (State of the art):** This study is the first to benchmark the RTO scheme between Indonesia and Malaysia.

**Keywords:** benchmarking analysis, ecosystem development strategies, housing backlog, housing finance scheme, rent-to-own

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<sup>1</sup>Corresponding author:

Email: [fadhilahummah@apps.ipb.ac.id](mailto:fadhilahummah@apps.ipb.ac.id)

## INTRODUCTION

Indonesia's population in 2023 reached 278.6 million, with a population growth rate of 1.09 percent from 2020 to 2025 (BPS, 2023). By 2030, Indonesia's population is projected to reach 297.4 million. This growing population aligns with the increasing demand for housing as one of the fundamental human needs that must be met to ensure a decent standard of living. Furthermore, the rising urbanization rate, driven by migration from rural to urban areas, further intensifies the need for adequate housing and settlements. Consequently, housing and residential areas play a critical role in advancing human development in Indonesia.

The definition of "house" in Law No. 1 of the 2011 Republic of Indonesia on Housing and Residential Areas refers to a building that serves as a livable residence, a place for family nurturing, a reflection of the dignity and status of its inhabitants, and a valuable asset for its owner. A house provides a place to reside, settle, and rest with the family. Additionally, Article 28H(1) of the 1945 Constitution and Article 40 of Law No. 39 of the 1999 Republic of Indonesia on Human Rights affirm that every individual has the right to adequate housing and a decent life. Thus, every citizen has the right to occupy, enjoy, and/or own a decent home in a healthy, safe, and orderly manner.

On the other hand, the housing sector also significantly contributes to Indonesia's economic growth. The housing sector is a major driver of economic growth and plays a vital role in maintaining financial system stability (Soeroto, 2020). The housing sector contributes up to IDR48.8 trillion to the national economy, generating a substantial multiplier effect across 174 other economic sectors (BTN, 2021). This includes creating new labor-intensive jobs, employing 19 million direct workers, and supporting approximately 350 micro, small, and medium enterprises (MSMEs) in Indonesia. This impact arises because housing development requires significant labor, large volumes of building materials, and once residential areas are established, inhabitants demand food, transportation, healthcare, and other life-supporting needs.

Despite being a primary necessity, housing demand remains unmet owing to a disparity between the number of housing units needed and the availability provided by developers. Rapid annual population growth is not

supported by an optimal housing provision system or sufficient land for settlements, particularly for low-income households. Additionally, rising house prices are not matched by proportional increases in income levels, exacerbating housing backlogs.

The term 'housing backlog' refers to the gap between the number of homes built and offered and the number required by the population (Ministry of Finance, 2015). This backlog figure is calculated based on home ownership status per household or family head, according to the definition provided by the BPS, which includes individuals living in rented or leased houses in the calculation (Ministry of Finance, 2015). To address housing backlogs, the government has undertaken various initiatives, both formal and community driven, to facilitate the development of livable housing. However, these efforts have not yet been sufficient to reduce the gap between housing needs and availability, which continues to grow each year (Mangewuri, 2016).

The housing ownership backlog in Indonesia reached 12.75 million in 2021, excluding the formation of new families, which is estimated to grow by approximately 700,000–800,000 annually (KIC, 2022). The housing backlog in 2023 was recorded at 10.51 million households, marking a reduction of 17.37 percent or 2.21 million households compared to 2021 (HREIS, 2023). The data indicates that West Java, DKI Jakarta, and North Sumatra provinces have the highest backlog figures, each exceeding one million households, with 2.25 million; 1.20 million; and 1.08 million backlogs, respectively. Meanwhile, two provinces, East Java and Central Java, reported backlog figures between 500,000 and 1 million, with 897,271 and 770,864 backlogs, respectively, in 2021. Provinces with backlogs of less than 500,000 include 28 regions, including West Sumatra, Riau, Aceh, West Nusa Tenggara, Bali, Maluku, and Papua.

The number of households without homes (backlog) was categorized into two groups: low-income households and informal workers. Low-income households dominate the backlog with 91.1 percent or 8.62 million households, while middle-high income households account for 8.9 percent or 1.89 million households. Generally, low-income households earn less than IDR8 million per month. This category is crucial, as it significantly influences the housing financing programs offered.

Additionally, the high housing backlog in Indonesia is attributed to low purchasing power and/or limited access to housing finance systems (Mangeswuri, 2016). This issue is particularly prevalent among low-income groups and informal workers. Considering this situation, housing financing schemes for low-income households have become a crucial point for the government to address through financing policies and banking institutions as providers or lenders to low-income households with purchasing power and financing eligibility. Financing challenges are typically caused by ineffective policies, the capacity of industry players, the high supply costs of building materials, and limited housing finance options. Although many banks offer mortgage products, they remain costly because of a lack of long-term funding and stringent prudential principles that make banks more selective in choosing borrowers. Consequently, low-income households, informal workers, and those categorized as ineligible face significant difficulties in accessing housing finance.

Financing refers to the provision of funds based on obligations from fund providers to fund users with an agreed return arrangement, which is eventually repaid to the provider as liquidity assistance from the user (Harikusuma and Ubed, 2020). Low-income households hope for simplified financing schemes that provide access to credit/financing and affordable repayment options, including reduced down payments, lower interest rates, and extended loan terms (Ramadhan, 2017). One of the housing finance schemes introduced to address the issue of financing is the RTO scheme launched by the BTN.

PT Bank Tabungan Negara (Persero) Tbk (BTN) is one of Indonesia's state-owned enterprises (SOEs) and the largest provider of mortgage loans in the country. Recognizing the significant number of low-income households and unbankable individuals unable to access financing, the BTN has continuously introduced various innovations to address these challenges. In October 2022, BTN introduced an innovative financing scheme called rent-to-own (RTO), also known as the "rent-to-buy" scheme. According to Aziz et al. (2019), RTO schemes are intended for individuals who cannot access traditional housing financing, allowing potential customers to purchase properties through a rental system over a specific period, as agreed upon by both the scheme provider and buyer. At the end of the rental period, these individuals have the option to purchase a house (Aziz et al. 2019).

The RTO scheme was developed to enable more people to own their homes without being hindered by restricted financing access. This innovation reflects BTN's efforts to reduce Indonesia's housing backlog and provide easier and more affordable housing financing, particularly for low-income groups. The RTO scheme is also targeted at those who may not immediately wish to buy a house but prefer flexibility, a phenomenon commonly observed among younger generations such as Gen Z and millennials. RTO is a homeownership concept initiated by startup providers that uses a rental mechanism to assist customers in acquiring homes over a specific period. This approach also offers customers flexibility at the end of the rental term, allowing them to choose whether to purchase the property via mortgage or cash (BTN, 2023).

Through this scheme, individuals can rent their desired home for an agreed-upon period, and at the end of the rental term they are given the option to purchase the home (Anderson and Patel, 2015; Anderson and Jaggia, 2009). The RTO scheme also alleviates the burden of initial-down payments to prospective buyers. Under the RTO mechanism, rental payments made to the bank can be allocated to a portion of the down payment for homeownership. Malaysia is one of the countries that has successfully implemented the Rent-to-Own (RTO) scheme within its housing ecosystem. This scheme remains a popular housing financing option and has significantly helped Malaysians access affordable and decent housing. In Indonesia, the RTO scheme has been implemented in collaboration with housing startups, such as CicilSewa and TapHomes, which serve as program operators. However, the RTO scheme launched in 2022, targeting 1,000 customers, has only managed to attract three customers located in South Tangerang, Margonda, Kukusan, and Depok (Greater Jakarta).

The launch of the RTO scheme, hailed as an innovation in mortgage programs, has not achieved favorable performance outcomes. This is primarily because RTO is a novel scheme in Indonesia, and public awareness of it remains low. BTN management has indicated that Indonesians are not yet ready to adopt RTO as a housing-financing scheme. Therefore, comprehensive public education on the RTO scheme, its benefits, and the advantages it offers for purchasing a dream home are essential.

Moreover, the RTO-based public housing ecosystem has not yet been fully developed, particularly for the stakeholders involved. In an ecosystem, stakeholders play a key role as the primary actors within the business framework. Stakeholders are defined as individuals who influence or are influenced by an organization's goal achievement (Lu et al. 2014). In the RTO housing ecosystem, stakeholders include banking institutions such as BTN, developers, providers or operators initiated by startups CicilSewa and TapHomes, and Indonesian citizens as housing financing customers. Developers and customers, in particular, possess limited knowledge about the RTO scheme, leading to resistance and negative perceptions of this new, inadequately disseminated scheme. Consequently, the RTO scheme has not yet been optimally operated.

A new innovation can only succeed with the support of all stakeholders involved (Youssef et al. 2025). However, stakeholders engage only if they perceive the value of the RTO scheme. A well-established housing business ecosystem is required to support the development of an RTO scheme in Indonesia. The suboptimal performance of the RTO business model underscores the need for a more in-depth evaluation and formulation of strategies for ecosystem development. In addition, the limited availability of comprehensive studies on the development and implementation of the Rent-to-Own (RTO) scheme in Indonesia reveals a significant research gap. This study seeks to address this gap by undertaking a comparative benchmarking analysis of the RTO housing ecosystems in Indonesia and Malaysia. By examining Malaysia's more established RTO framework, which was developed in 2018, this study aims to identify critical implementation disparities and propose strategic recommendations to enhance the effectiveness and sustainability of the RTO model within Indonesia's housing sector.

## METHODS

This research was conducted in Greater Jakarta (commonly known as Jabodetabek), the metropolitan area surrounding Indonesia's capital, Jakarta. The study was conducted between July and October 2024 using both online and offline methods. This study utilized both primary and secondary data. Primary data were gathered through in-depth interviews with expert respondents representing diverse perspectives from

key stakeholders, including internal management at PT BTN as a financial institution in Indonesia, CEO of TapHomes as startups providing RTO services, housing developers, the Directorate of Housing Financing Implementation under the Ministry of Public Works and Housing, academics and housing finance experts in Indonesia, and real estate researchers in Malaysia. Secondary data were obtained through a literature review and publications from relevant ministries, agencies, and other credible sources.

Descriptive analysis was employed in this study, which involves direct observation of the research object to collect information without experimental manipulation (Sloman, 2010). This method is used to analyze data by describing or portraying the data as information that explains the condition of the housing ecosystem with the rent-to-own scheme in Indonesia. It provides a detailed overview of the current state of the RTO ecosystem, including its challenges, opportunities, and key stakeholders.

Benchmarking comes from the term "benchmark," which refers to a norm or standard established where several phenomena can be measured and assessed (Kosar, 2014). Benchmarking serves as a quality evaluation method that can be measured by comparing something to an established standard, related to the performance of products, services, or processes and making improvements to achieve those standards, which can be referred to as 'best practices' (Kosar, 2014; Bhutta and Huq, 1999). Benchmarking is the ability to recognize one's own shortcomings and weaknesses by acknowledging that others perform their tasks better and learning how to do so (Ajelabi and Tang, 2010).

Benchmarking was conducted to evaluate the implementation of the RTO scheme in Malaysia, which served as a successful model. This analysis was used as a reference point and evaluation tool to identify gaps and areas for improvement in Indonesia's RTO implementation. Malaysia was chosen as a benchmarking destination owing to its similar characteristics to Indonesia as fellow Southeast Asian countries. These similarities can be seen in terms of demographics, geography, lifestyle, and economy. Benchmarking based on these shared characteristics can serve as a reference for Indonesia to learn from Malaysia's success in implementing the RTO scheme.

## RESULTS

### Analysis of the Housing Ecosystem with the Rent-to-Own Scheme in Indonesia

PT Bank Tabungan Negara (BTN) Tbk., the market leader in mortgage loans in Indonesia, plays a significant role in promoting homeownership, particularly for low-income households. In October 2022, BTN introduced the Rent-to-Own (RTO) scheme as a potential solution for addressing the housing backlog, which reached 10.5 million households in 2023. Indonesia's existing mortgage schemes are largely inaccessible to informal workers, Generation Z, and millennials. The RTO scheme offers an alternative financing model, enabling potential customers to establish financial management habits and build a track record for homeownership. Based on TapHomes (2024), the targeted customer profile for RTO includes: 1) monthly income below IDR8 million; 2) irregular income streams; 3) informal workers, such as contract workers, freelancers, and small business owners; and 4) insufficient savings for a down payment.

Monthly payments for the RTO scheme start from IDR1.2 million, comprising rental costs and down payment savings. The rental period ranges from one to three years. The installments were set at 1.04% of the house price. An upfront security deposit of 5% of the house price is required. Housing options under the RTO scheme must meet the following criteria: 1) detached housing within the Jabodetabek area; 2) Apartments in Jabodetabek, Bandung, Karawang, and Medan; 3) road access allowing two cars to pass; and 4) located away from cemeteries, railway tracks, and flood-prone areas (TapHomes, 2024).

The evaluation of the RTO scheme highlights several challenges and perspectives of the key stakeholders. From the customer's perspective, the findings indicate that: (1) there are only three customers renting RTO housing, (2) no completed home purchases have occurred under the RTO scheme, and (3) low awareness among potential customers about RTO. From the developer's perspective, the evaluation reveals (1) a lack of guarantees for property damage; (2) income tax imposed on property rentals; and (3) a "buy-out" system that may discourage developers. From the startup provider's perspective, the challenges include: (1) high taxation associated with the RTO scheme and (2) low public awareness of RTO. From the banking

perspective, the issues identified are as follows: (1) RTO is in a "pending" status and is not yet a priority for BTN; and (2) further market research and development are required. From the perspective of housing experts, the current condition of the RTO scheme reflects the consequences of fully handing it over to market mechanisms, resulting in suboptimal implementation owing to the lack of guarantees and protections for stakeholders against various risks and losses. Lastly, from the central government's perspective, the evaluation shows that (1) RTO is still in the development stage under the Ministry of Public Works and Housing (PUPR), and (2) no specific regulations currently exist to support RTO implementation. These insights underscore the multifaceted challenges facing the RTO scheme and highlight areas that require immediate attention for successful adoption.

The process flow in the RTO financing scheme begins with the customer registering and applying for RTO to the startup providers CicilSewa and TapHomes. The customer can apply for the desired property from the provider. Once the application data are received, the provider's analysis team conducts a unit survey and valuation analysis of the proposed property. This analysis was conducted to provide an appropriate rental offer for the customer. If the offer made by the provider is accepted by the customer, the approval process and the RTO agreement are finalized between the customer and the provider.

After the agreement is completed, the provider hands over the unit to the customer. Before occupying a house, the customer must also pay a rental guarantee in the form of a deposit amounting to 5% of the house price. The customer can occupy the house for an agreed rental duration ranging from six months to a maximum of three years. Every month, the customer will make rental payments along with down payment installments of 5% as savings if the customer intends to purchase the house after the rental period ends. Once the customer has accumulated a down payment of 10%, they can apply for a BTN RTO mortgage, even if the rental period has not yet ended.

Once the rental period ends, the customer has two options: to purchase the house they have been living in or to discontinue the RTO program. If they discontinue, the customer can settle the rent-to-own agreement and move to another rental property. The customer also receives a refund of the percentage of the down payment

they had previously paid each month to the provider. However, if the customer agrees to purchase the house, they have three financing options for homeownership: paying for the house in full, paying in installments, or applying for a mortgage through a bank. After selecting the financing option that suits their income and asset ownership, the house that was initially rented becomes the full property of the customer. The flow diagram of the RTO scheme in Indonesia is shown in Figure 1.

### Benchmarking Analysis of the Implementation of the RTO Scheme in Malaysia

The middle-income population in Malaysia, earning between RM25.000 and RM75.000 per year, is the most affected by the imbalance in the property market (Nei et al. 2023). This is because of the significant gap between home prices and income, making it difficult for people to afford to buy homes. The Economic Planning Unit (EPU) and the Ministry of Housing and Local Government (KPKT) of Malaysia launched the RTO scheme by renting homes for a certain period, with the option of purchasing property at an agreed

sale price at the end of the rental period. The goal is to increase homeownership through a financing scheme that is more accessible to buyers (Nei et al. 2023).

The RTO scheme was introduced in the 12th Malaysia Plan (RMK-12), implemented through the National Housing Policy (NHP) 2018-2022, and offered through the Perbadanan PR1MA. The RTO scheme was launched in 2018 by the Maybank Group with the HouzKEY program, targeting bank employees. The target customers are (1) first-time homebuyers; (2) upgrader buyers; (3) buyers aged 35-45 years; (4) B40 (40% of households earning less than RM4.850/month); and (5) M40 (40% of households earning between RM4.851 and RM10.970) (Nei et al. 2023; Aziz et al. 2019). The RTO scheme finances homes priced under RM500.000 for public housing and RM500.000 to RM1.000.000 for private housing. The rental period ranges from 1-5 years or 5-10 years. The rental costs consist of a three-month rental deposit and monthly installments with a composition of rental costs and down payment savings.

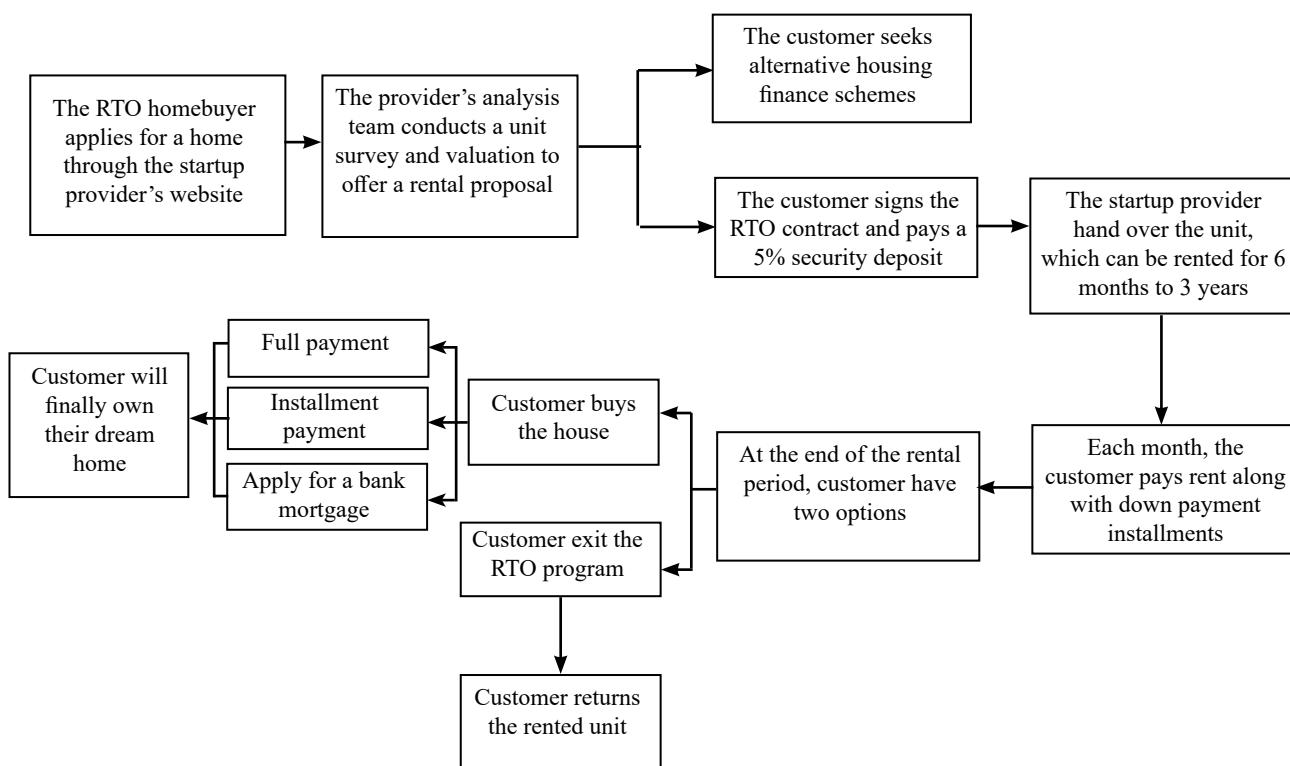


Figure 1. Flow diagram of RTO scheme in Indonesia

PR1MA has four programs: RTO PR1MA for prospective buyers whose loans were rejected by banks, RTO for People's Housing Projects (PPR) for prospective buyers who have not received financing from any bank, Maybank Islamic HouzKEY, and RTO developer (Aziz et al. 2019). The RTO scheme has several criteria, including (1) a fixed rental rate for the first five years with no penalty if the buyer decides to terminate the contract after five years; (2) an annual rent increase of 2% starting from the sixth year; (3) exemption from stamp duty for the Sale and Purchase Agreement; and (4) the option to transition to a mortgage after a minimum of 12 months of renting (Kay, 2017).

Requirements that must be met by prospective RTO customers include: 1) the buyer must be a Malaysian citizen or permanent resident of Malaysia; 2) the buyer must be between 18-65 years old at the time of application; 3) the applicant and their spouse must have a combined gross household income of at least RM5,000 per month; 4) the RTO homebuyer must appoint at least one guarantor from a close family member; and 5) the guarantor and borrower must not own more than one mortgaged property during the RTO application process (Kay, 2017).

When applying for RTO financing, an application and approval process must be followed. Figure 2 illustrates the application process of the RTO program. First,

prospective buyers must visit the bank's website to obtain a list of properties offering the RTO scheme (Nei et al. 2023). The prospective buyer can then select their ideal home by considering the type of house that suits the number of household members and the desired location. Buyers can also visit the sales gallery to gather data and brochures before deciding to purchase. Subsequently, applicants can submit the electronic application form and provide the necessary documents to apply for the RTO loan. The required documents include: 1) identity card; 2) income tax declaration letter; 3) applicant's pay slip for the last 3-6 months; 4) one-year Employment Provident Fund statement; and 5) proof of savings or collateral, such as time deposits and bonds.

After the application is completed, the applicant must wait at least 1-2 weeks to obtain approval for RTO financing. Once approved, the applicant must visit the bank's headquarters in Klang Valley that offers the RTO scheme to sign the rental agreement within seven days and make a payment for the security deposit or rental payment for three months. Subsequently, the applicant can wait for the handover of the keys or pick up the keys before moving home. The benefit of this RTO scheme is that no other security deposit needs to be paid at the initial financing stage; the applicant only needs to pay a monthly rent and a three-month rental security deposit.

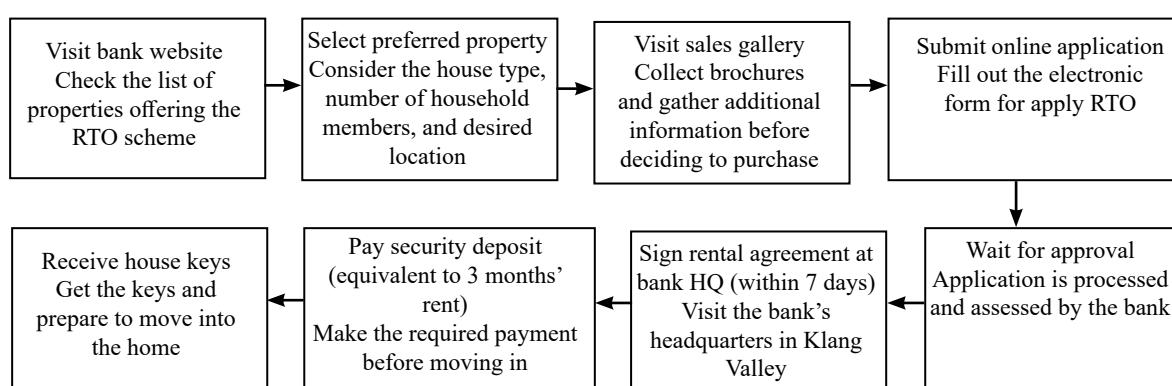


Figure 2. Flow diagram of RTO scheme in Malaysia

The benefits of the RTO scheme are: (1) tenants do not need to pay down payments or taxes; (2) there are no abandoned housing projects; (3) it encourages homeownership rates; (4) tenants are guaranteed housing during the rental period; and (5) it helps build financial management skills for customers (Nei et al. 2023). The RTO scheme also carries risks, including (1) the termination of the RTO agreement by the tenant; (2) tenants failing to pay rent on time; (3) discrepancies between the RTO house price and market price; (4) the burden of property management costs for maintenance, repairs, and marketing; and (5) the fact that the RTO scheme is still in its early stages and requires improvements (Nei et al. 2023).

### Gap Analysis of RTO Scheme Implementation in the Housing Ecosystem in Malaysia and Indonesia

Based on a literature review and in-depth interviews with expert respondents in conducting a benchmarking analysis of the RTO ecosystem conditions in Indonesia and Malaysia, several gaps were identified as evaluation points for developing the RTO ecosystem in Indonesia. These gaps are outlined in Table 1, where six indicators and ten parameters are compared between the RTO ecosystem conditions in the two countries.

The results of this study revealed significant differences between the RTO ecosystems in Malaysia and Indonesia, as outlined in the gap analysis. As hypothesized in the

early part of the study, the underdevelopment of the RTO ecosystem in Indonesia was closely tied to the absence of clear regulations, weak stakeholder coordination, and limited public awareness. In contrast, Malaysia's RTO implementation is supported by a comprehensive regulatory framework (e.g., the 12th Malaysia Plan and National Housing Policy), which has created an environment conducive to public trust and stakeholder involvement.

In line with the concept of a housing ecosystem, which views multiple actors—government, financial institutions, developers, and consumers—as interconnected entities that must function cohesively (Lu et al. 2014), the Indonesian model demonstrates fragmented stakeholder engagement. This aligns with the theoretical framework that a housing innovation, such as RTO, can only succeed if the ecosystem is supported by all its stakeholders (Youssef et al. 2025). For instance, while Malaysia ensures payment guarantees and subsidies, Indonesia's RTO scheme relies on customer deposits without equivalent institutional protection. This not only increases perceived risk among customers but also discourages startup providers, as they are not incentivized or safeguarded against losses. This finding supports the hypothesis that weak institutional and regulatory support hinders the adoption of innovative housing schemes.

Table 1. Gap analysis of RTO scheme implementation in Malaysia and Indonesia

Indicator	Parameter	Ecosystem Conditions for RTO	
		Malaysia	Indonesia
RTO Scheme Structure	Regulation	12th Malaysia Plan (RMK-12) and National Housing Policy (NHP) 2018-2022	Still in process
	Subsidy	Available	Not available
	Rental cost	Rental cost + down payment savings	Rental cost + down payment savings
Stakeholders Involvement	Payment guarantee	Payment guarantor, 3-month guarantee	Rental guarantee (deposit) of 5% of the property price
	Rental period	1-5 years, 5-10 years	1-3 years
	Stakeholders	Government, banks, developers, customers	Government, banks, startup providers, developers, customers
Support and Facilities	Education	Available	Available but not yet widespread
	Technology	Available	Available
Market Conditions	Target audience	First-time homebuyers, upgraders, B40 and M40 households	Low-income groups, informal workers, upper-middle class community
	Market response	Supportive and interested	Interested but skeptical

Furthermore, the difference between education and public outreach is striking. In Malaysia, RTO education is extensively promoted by banks, developers, and government institutions in online and offline marketing channels. In contrast, in Indonesia, it has been limited to the Greater Jakarta area and a few channels, such as RTO providers' social media and PT BTN marketing channels, resulting in low public awareness and adoption. This confirms the assumption that public readiness, which is influenced by information dissemination and stakeholder coordination, is crucial for successful implementation.

In conclusion, these findings validate the hypothesis that the limited success of RTO in Indonesia is not merely due to market resistance but fundamentally due to an underdeveloped ecosystem, inadequate regulatory frameworks, and weak stakeholder integration. Addressing these structural gaps is essential for the future scalability and sustainability of the RTO scheme in Indonesia.

### Managerial Implication

Any innovation in the mortgage sector should be matched with effective regulation and careful financial governance to mitigate risks and safeguard the public interest (OECD, 2011). Without regulatory clarity, the RTO ecosystem in Indonesia faces challenges in terms of building public trust, ensuring consumer protection, and attracting sustainable investment. Not only that, the rental housing sector is also more complex than that for home ownership, so rent control laws and protection regulations were also introduced in many countries (Chiquier and Lea, 2009). Based on the research findings, the implementation of the RTO scheme in Indonesia's housing ecosystem is not yet optimal, with numerous aspects requiring improvement, particularly through stakeholder involvement. To ensure the effective development of RTO schemes in Indonesia, a clear and robust regulatory framework is urgently required, accompanied by implementation guidelines developed based on the considerations and perspectives of each stakeholder.

These guidelines should include rules on the roles and responsibilities of stakeholders, such as banks, developers, startup providers, and customers. The guidelines may also cover RTO subsidies, rental costs and periods, criteria for house selection, requirements and incentives, risk guarantee schemes, taxation, and

other fees, as well as specific terms and conditions aimed at mitigating various risks. In the guideline drafting process, all stakeholders in the ecosystem need to be invited and given space to discuss and express their views on the advantages and disadvantages of implementing the RTO scheme in Indonesia.

As the RTO model involves long-term financial commitments and close collaboration between various stakeholders, including banks, developers, and startup providers, it demands a level of oversight comparable to traditional mortgage systems. Regulatory intervention is essential not only to standardize operational procedures and protect buyers but also to encourage responsible innovation while preventing exploitation or systemic risk. Thus, regulatory development must be prioritized as a foundational pillar for the successful and credible implementation of RTO as a housing finance alternative in Indonesia.

Meanwhile, challenges in implementing the RTO scheme also stem from market and organizational readiness to evaluate its feasibility as an alternative housing-financing model. This issue needs to be a primary evaluation point for PT BTN as the RTO scheme initiator in Indonesia. The misstep of launching the RTO scheme without prior market research is a major concern for company management. As a new and unfamiliar financing innovation in Indonesia, the RTO scheme should have undergone a feasibility analysis before its launch. The first critical step in BTN management is to conduct a comprehensive feasibility analysis of the RTO scheme in Indonesia.

The purpose of feasibility analysis is to assess the viability of a business and identify the necessary resources and major potential issues to address in the early stages of business establishment (Berry and Shabana, 2020). A well-prepared feasibility analysis conducted before the business plan increases the likelihood of success for new ventures. Feasibility analysis generally encompasses four areas: the feasibility of the product/service offered, industry and market, financial, and organizational (Berry and Shabana, 2020).

In the context of implementing the RTO scheme in Indonesia, the initial feasibility analysis should include several aspects: the feasibility of the product/service offered, market and industry competition, financial feasibility, organizational, and additional aspects

such as legal/policy support for the RTO scheme, risk mitigation measures, and sociocultural factors impacting its success. Conducting such analyses ensures that the RTO scheme is viable before the market launch and is financially beneficial for all involved stakeholders. Additionally, a thorough feasibility analysis can help stakeholders identify new opportunities and ensure the long-term sustainability of the RTO scheme.

## CONCLUSIONS AND RECOMMENDATIONS

### Conclusions

Malaysia is more advanced in terms of regulatory support, with the RTO scheme formally outlined in key national policies. By contrast, Indonesia's RTO initiative, launched in 2022, lacks a fully developed regulatory framework that limits its public acceptance and operational effectiveness. Differences also exist in scheme structure, particularly in payment guarantees, stakeholder involvement, and the length of rental periods, which further explains the contrasting performance of the RTO scheme in both countries.

From an implementation standpoint, the findings underscore the need for stronger government intervention in Indonesia through clearer regulations, stakeholder coordination, and nationwide public education. These actions are essential to establish trust and increase the adoption of the RTO model, particularly among low- to middle-income groups. The Malaysian experience shows that a structured, government-backed approach can encourage public confidence and promote housing inclusivity.

From a theoretical perspective, this study contributes to the understanding of how housing innovation functions within a business ecosystem. According to Lu et al. (2014), stakeholders play a critical role in ecosystem success. The Indonesian case confirms that limited stakeholder coordination and the absence of perceived value among actors especially developers and customers have led to poor engagement and low RTO uptake. These results reinforce the theoretical premise that stakeholder alignment, institutional readiness, and perceived benefits significantly influence innovation adoption.

Moreover, the findings align with prior research (e.g., OECD, 2011; Chiquier & Lea, 2009) that emphasizes the importance of governance structures in alternative housing finance. Without regulatory clarity and institutional support, well-designed schemes may fail to gain traction. This validates the hypothesis that the RTO model requires not only innovative financing but also a robust ecosystem comprising regulation, education, market readiness, and stakeholder trust for successful implementation. Experts in this study also highlight that reliance on private startups and market mechanisms without sufficient regulatory backing can hinder public confidence, which is evident in the Indonesian case.

Therefore, in addition to the practical recommendation of conducting a feasibility study for Indonesia's RTO scheme, this study adds theoretical value by affirming the critical role of ecosystem theory and stakeholder dynamics in housing finance innovation. As one of the first comprehensive benchmarking analyses of the RTO scheme in Southeast Asia, this study serves as a reference point for policymakers, practitioners, and academics aiming to improve housing affordability and ecosystem development.

### Recommendations

For future research, the benchmarking analysis conducted in this study used a qualitative approach through in-depth interviews and a literature review. In the future, benchmarking analysis can be conducted using a quantitative approach so that the gaps in the implementation of the RTO scheme in Indonesia and benchmark countries can be measured more quantitatively. Additionally, the benchmark countries used for comparison in assessing the RTO scheme's performance can be expanded beyond Malaysia to include countries such as Nigeria and Australia. This research also focuses on the implementation of the RTO scheme in Indonesia initiated by the PT BTN. Future research could broaden this scope by examining the implementation of the RTO scheme by other institutions or companies in Indonesia.

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